

Message Text

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FOR COUNSELOR SONNENFELDT ONLY

FOLLOWING REPEAT BONN 9076 ACTION SECSTATE INFO BRASILIA

RIO DE JANEIRO EC BRUSSELS IAEA VIENNA ERDA GERMANTOWN

NRC BETHESDA DATED 5 JUN 75

QUOTE

UNCLAS BONN 09076

E.O. 11652: N/A

TAGS: TECH, ENRG, BR, GW

SUBJECT: GERMAN SALES OF NUCLEAR TECHNOLOGY TO BRAZIL

REF: BONN 8991

1. SUMMARY: TODAY'S REPORTING IN FRG MEDIA RE
SUBJECT SALE FOCUSES MOSTLY ON BACKGROUND OF SALE.
FRANKFURTER ALLGEMEINE ZEITUNG (FAZ) CARRIES A
LENGTHY ARTICLE WHICH CATALOGUES US ATTEMPTS TO
INTERFERE WITH FRG COMPETITIVE POSITION. THOUGH
NUMBER OF ARTICLES CARRY COMMENT OF "BONN GOVERNMENT
CIRCLES", FRG GOVERNMENT HAS AS YET NOT MADE AN
OFFICIAL DECLARATION IN REFERENCE TO FRG REACTION TO
STATE DEPARTMENT PRESS BRIEFING, STATEMENTS OF
BRAZILIAN OFFICIALS, OR STATEMENT OF SENATORS PASTORE
AND RIBICOFF. FRG FOREIGN MINISTRY GAVE PRESS
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BRIEFING JUNE 4 ON PROJECT SALE AND IS PROBABLE
SOURCE OF INFORMATION IN THE MEDIA. END SUMMARY.

2. FAZ FRONTPAGES A REPORT DATED NEW YORK THAT

SENATORS PASTORE AND RIBICOFF REQUESTED PRESIDENT FORD TO PREVENT FRG SALES OF NUCLEAR POWER STATIONS TO BRAZIL BECAUSE BRAZIL WOULD THEREBY BE TECHNOLOGICALLY IN A POSITION TO PRODUCE ATOMIC BOMBS AND THUS BECOME A RISK TO THE US. WHEREAS WASHINGTON ADMITS THAT BRAZIL AGREED DURING THE NEGOTIATIONS WITH THE GERMANS TO ACCEPT IAEA CONTROLS, US CONGRESS FEELS THAT THESE CONTROLS (TO WHICH THE US DOES NOT ADHERE) ARE NOT STRINGENT ENOUGH.

3. A SECOND REPORT IN THE SAME FAZ ISSUE POINTS OUT THAT THE FRG IS INTERESTED IN ELIMINATING ANY IRRITANTS IN FRG-US RELATIONS AND THEREFORE FRG KEPT THE US THOROUGHLY INFORMED ABOUT NEGOTIATIONS WITH BRAZIL OVER THE AGREEMENT. THESE NEGOTIATIONS ENDED ON FEBRUARY 12. ON FEBRUARY 19 THE US AMBASSADOR WAS INFORMED AND, SIMULTANEOUSLY, DISCUSSIONS WERE HELD IN WASHINGTON. SUBSEQUENTLY, ON APRIL 7 A US DELEGATION SENT TO BONN REQUESTED THAT FAVORABLE ACTION ON THE BRAZIL AGREEMENT BE PUT IN SUSPENSE. NOR DID BONN SOURCES DENY THAT A DEMARCHE HAD BEEN MADE BY THE US SECRETARY OF STATE. ALTHOUGH THE FRG WILL DEPEND ON THE US FOR NUCLEAR FUELS FOR THE FORESEEABLE FUTURE, DISAPPROVAL OF THE AGREEMENT WOULD NOT ONLY HAVE UNFAVORABLY AFFECTED GERMAN-BRAZILIAN RELATIONS BUT MIGHT HAVE ALSO RESULTED IN UNFAVORABLE EFFECTS ON POSSIBLE COOPERATIVE PROJECTS WITH OTHER COUNTRIES. THE ARTICLE SUMMARIZES THE COMPLETE TERMS OF THE AGREEMENT (AS WE HAVE KNOWN THEM) AND ASSERTS THAT IT WAS CONCLUDED UNDER THE 1969 FRAMEWORK AGREEMENT BETWEEN BONN AND BRASILIA ON COOPERATION IN SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT.

4. THE ARTICLE PROCEEDS TO CATALOGUE US EFFORTS TO INTERFERE WITH FRG NUCLEAR EXPORTS. INTERFERENCE FROM WESTINGHOUSE IS SUGGESTED IN THE BRAZILIAN CONTEXT
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BECAUSE WESTINGHOUSE HAD GREAT EXPECTATIONS OF FUTURE ORDERS IN BRAZIL, SUBSEQUENT TO THE ORDER PLACED FOR THE ANGRA DOS REIS POWER STATIONS. SOURCES IN BONN SPEAK QUITE FRANKLY OF WILLFUL MISREPRESENTATIONS IN THE US ALLEGATIONS THAT THE SIGNING OF THE GERMAN-BRAZILIAN AGREEMENT WILL LEAD TO A BRAZILIAN ATOMIC BOMB AND THESE SOURCES ALLEGE THAT COMPETITORS HAD CIRCULATED UNFOUNDED RUMORS ON EARLIER OCCASIONS WHEN OTHER NUCLEAR CONTRACTS WERE PENDING. SPECIFIC INSTANCES WERE CITED INVOLVING PROJECTS IN ARGENTINA, YUGOSLAVIA AND IRAN.

5. THE ARTICLE ASSERTS THAT THE US HAS SOLD

SIX NUCLEAR POWER STATIONS TO SPAIN, ALSO NOT A SIGNATORY TO THE NPT. IN THIS INSTANCE, ON THE OTHER HAND, THE BRAZILIAN GOVERNMENT HAS MADE THE FOLLOWING COMMITMENTS: (1) A GENERAL PLEDGE TO NON-PROLIFERATION

OF NUCLEAR WEAPONS, (2) SUBJECTION OF ALL NUCLEAR EQUIPMENT AND MATERIALS INCLUDING THE FRG-SUPPLIED KNOW-HOW TO IAEA SAFEGUARDS, (3) A COMMITMENT NOT TO USE GERMAN-SOURCED MATERIALS AND TECHNOLOGY TO PRODUCE NUCLEAR WEAPONS AND EXPLOSIVES, (4) TO RE-EXPORT ONLY IF THE RECIPIENT HAS CONCLUDED A SAFEGUARDS AGREEMENT WITH IAEA AND ONLY SUBJECT TO FRG APPROVAL, (5) TO APPLY THE AGREED SAFEGUARDS FOR AN UNLIMITED PERIOD AFTER THE EXPIRATION OF THE AGREEMENT.

6. ACCORDING TO THE ARTICLE, THESE COMMITMENTS GO BEYOND THE NPT. ALTHOUGH THE INDIAN NUCLEAR EXPLOSION HAS RAISED DOUBT AS TO THE ADEQUACY OF THE NPT IN ITS PRESENT FORM, BONN POINTS OUT THAT CANADA DID NOT OBTAIN ASSURANCES FROM INDIA AS COMPREHENSIVE AS THOSE OF GERMAN-BRAZILIAN AGREEMENT. IT IS CONCEDED, HOWEVER, THAT BONN DID NOT SUCCEED IN GETTING THE BRAZILIANS TO SUBJECT THEIR ENTIRE FUEL CYCLE TO IAEA SAFEGUARDS AS THE US HAD DIRECTLY REQUESTED, EVEN THOUGH SUCH A REQUEST WAS BOUND TO FAIL. "CONSEQUENTLY, BRAZIL IS FREE TO BUILD -- IN ADDITION TO THE CONTROLLED NUCLEAR FUEL CYCLE, DEVELOPED UNDER THE GERMAN-BRAZILIAN COOPERATION UNCLASSIFIED

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AGREEMENT -- AN UNCONTROLLED NUCLEAR FUEL CYCLE OF ITS OWN" AND IN THE LONG RUN BRAZIL MAY GAIN SPINOFF FROM THE KNOW-HOW OBTAINED DURING THE COOPERATION WITH THE GERMANS FOR PRODUCTION OF NUCLEAR EXPLOSIVES. THE ARTICLE CLOSES BY STATING THAT, IF THE FRG HAD NOT CONCLUDED THIS AGREEMENT OTHERS MIGHT HAVE DONE SO, FOR EXAMPLE, FRANCE EVEN UNDER LESS STRINGENT SAFEGUARD CONDITIONS. MOREOVER, BRAZIL COULD WELL HAVE DECIDED TO DEVELOP A NUCLEAR INDUSTRY THROUGH ITS OWN EFFORTS, ALBEIT AT A SLOWER PACE, SUBJECT TO NO SAFEGUARDS WHATSOEVER.

7. RHEINISCHE POST CARRIES A REPORT FROM WASHINGTON BY GUENTHER DE THIER THAT THE "TOUGH STRUGGLE BEHIND THE SCENES" BETWEEN THE US AND THE FRG OVER DELIVERING NUCLEAR POWER PLANTS TO BRAZIL SEEMS TO HAVE BEEN CONCLUDED FOR THE TIME BEING. "THE FRG AND BRAZIL HAVE YIELDED TO AMERICAN PRESSURE TO INCLUDE IN THEIR AGREEMENT ADDITIONAL SAFEGUARDS TO PREVENT ABUSE OF NUCLEAR TECHNOLOGY."

8. FRANKFURTER RUNDSCHAU CARRIES A REPORT FROM

GENEVA THAT NONE OF THE PARTICIPANTS AT THE RECENT NPT CONFERENCE HAD QUESTIONED GERMAN ADHERENCE TO NPT, ALTHOUGH THE BASIC LINES OF THE WEST GERMAN-BRAZILIAN AGREEMENT HAD BEEN KNOWN BEFORE THE NPT CONFERENCE WAS CONCLUDED. IN THE VIEW OF DIPLOMATIC QUARTERS IN GENEVA, AMERICAN PRESS REPORTS THAT THE AGREEMENT MIGHT OPEN FOR BRAZIL THE DOOR TO NUCLEAR WEAPONS ARE PART OF THE TOUGH STRUGGLE FOR THE BRAZILIAN MARKET.

9. SUEDEDEUTSCHE ZEITUNG (SZ) MENTIONS BONN'S OWN SKEPTICISM AS TO TIMELY COMPLETION OF EC COMMISSION EXAMINATION OF THE GERMAN-BRAZILIAN AGREEMENT SCHEDULED TO BE SIGNED ON JUNE 26.

HILLENBRAN

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